

10 JAN 1968

Executive Registry

68-147

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Retirement Policy and Related Problem

Recommendations are set forth in paragraph 4 and 7 below.

1. There are two aspects to our retirement problem: how to deal with the present situation and what our future policy should be. Turning first to the second aspect, there is adequate evidence on which to judge that a policy based on mandatory retirement at age 60 is a desirable and sound one for the Agency as a whole. One may judge on equally sound grounds that annuitants merit a post-retirement income aggregating 56.25% of high five based on 30 years service within the CSR system (28.125 under CIAR). There are valid comparisons to substantiate these figures, and statistics as well. For example: in 1965, there were over 45,000 voluntary retirees from the entire CSR System with a weighted average service of 29.1 years. Although the average age at retirement was 64.3 years, the average hiring age was just a little over 35. It would seem therefore that, based on a hiring age of 30 or below, as now generally is the case in CIA, a 60-30 formula appears to be a sound one based on the voluntary actions of this large body of Civil Service annuitants.

2. A policy of retirement must naturally relate to the desiderata of the parties which are affected by it, i. e., the Agency on the one hand and the Employees on the other, and if it is to be successful, it must serve the equities of both. The Agency experience indicates that mandatory retirements at a reasonably early age are desirable and necessary to maintain the vitality of the institution. Employees have every reason to believe that they will receive a minimum of current income with which a reasonable scale of living may be maintained after retirement. There is no other organization, private or public, which so fully requires the good-will of its retiring employees as does a secret intelligence service which directs its espionage and clandestine operational efforts toward foreign governments

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- 2 -

and foreign nationals. Secrets perish quickly in any miasma of ill-will. It is important, therefore, that a policy be adopted which is acceptable to all concerned for, once adopted, it must be enforced. Under present circumstances the 60-30 formula appears to have the proper degree of acceptability but, before the adoption of this or any other formula, the matter needs all of the expert attention and thought than can be given to it. Admittedly there are difficulties in applying any general rule to so many vocational pursuits as we have in CIA.

3. Retirement Policy is a highly complicated subject affecting different Directorates in different ways, for example: there is reason to believe that our CS officers who engage in overseas operations for most of their first 20 years with the Agency should be offered a variation in our retirement plan which would give them a clear and desirable incentive to start a second career at age 50 or thereabouts. That would be one way to spur some of our operators to forego the managerial career for which many are not suited and to continue operating "out in the cold," where stress and frustration are a natural part of their job. As matters now stand, individual and family deprivations incident to this "head-hunting" kind of life over long periods are not balanced with sufficient incentive vis-a-vis those who serve the establishment from within during most of their careers. Special retirement income is one type of incentive that might well be effective in holding the interest of our best operators in a full but shorter career in direct operations. Criteria for eligibility for special retirement income would have to be clearly and carefully defined and should probably include a requirement of at least fifteen years service overseas.

4. Difficult as it may be, we hope these questions can be resolved as soon as possible. We recommend that a combined study in depth be undertaken promptly in order to establish a comprehensive system or systems which will serve the various facets of our organization and, at the same time, serve the needs of our employees.

5. Whatever formula we adopt as our future policy, the immediate and pressing problem comes down to a question of how to deal meanwhile with individuals who reach the retirement age in the

- 3 -

next few years with less than the years of service needed to produce an adequate percentage of the high five income. When we were hurrying to establish our Government's first national intelligence service in the post-World War II years, people were hired on the basis of their skills and experience, with little attention to age groupings. Now many are reaching retirement age without sufficient years of service to produce the required level of income. We should take steps promptly to determine the extent of this Agency problem.


6. Once its extent is determined, there seem to be two ways to deal with it:

(a) As a whole: enforce retirement at the indicated age/service combination at which time pay a lump sum separation allowance to each employee to equate his annuity, based on his life expectancy, with some stipulated minimum approximating 56.25%.

(b) As a case-by-case question: examine the situation individually with each employee, giving additional increments of service in appropriate cases to provide for a minimum but adequate percentage of high five (the minimum might be set at a somewhat lower figure here, -- say, 50% -- because of the added expanse of earning power).

7. We suspect that we may find the latter course the more tenable one with respect to people who can continue to work. We recommend then that where the annuity is less than 50% the case be considered to fall within our definition of "compassionate" and re-employment be authorized or an extension be granted until that level is reached. People who cannot continue to serve effectively (and possibly those who may have already retired) might be dealt with under some postulation of alternative (a).

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